UK COOPERATIVE EXTENSION SERVICE
University of Kentucky – College of Agriculture

LEXINGTON, KY 40546

GREEN COUNTY AG NEWS

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A Look at Kentucky Dairies

Farms cooperating with the Kentucky Farm Business Management (KFBM) program provide income, financial, and production data for use in comparative analysis of various types of farms, including dairy farms. The number of dairy farms in the program more than doubled last year with participation from the Milk Incentive for Kentucky program. Here is a snapshot of the average Kentucky dairy participating in the program.

Fifty-four dairies make up the average dairy farm for 2007. This average farm milked 130 cows with 17,952 lbs. of production per cow. The average price of milk received was $20.03 per cwt.

The farm grossed $429,329 on an accrual basis. That is $3,303 per cow. “Accrual basis” adjusts for prepaids, accounts payable, and inventories to find the actual cost and returns for 2007 production. Net Farm Income averaged $116,645, or $897 per cow. Net Farm Income is the return to the operator’s labor, management, and investment. These farms averaged $1.42 per cwt of milk produced. Management Returns for the average dairy was $14,371. Management Returns measures what income is left to the operator after subtracting something for his labor and a return on his equity. It is significant that Management Returns is positive.

The farmer cultivated 317 acres at an average cost of $133 per acre. Total crop costs per acre were essentially the same as 2006. Fertilizer increases were offset by decreases in pesticide costs.

The Value of Feed Fed averaged $236,135. This includes purchased feed **plus** the fair market value of raised feed. Feed fed was valued at $1,816 per cow or $10.29 per cwt produced.

The average dairy hired the equivalent of 2.32 full time employees at a total cost of $51,056. This translates to an average wage of $8.82 per hour. The farm employed 44.5 hours of paid labor per cow at a cost of $393. Producing a cwt of milk required one quarter hour of paid labor for a cost of $2.18.

Other significant expenses include Power and Equipment and Livestock Costs, including vet and medicine. Power and equipment totaled $120,022, a cost of $923 per cow or $5.33 per cwt. Livestock Costs totaled $38,417. Cost per cow was $296 and cost per cwt was $2.14.

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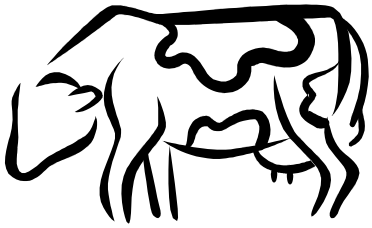
Equine Short Course

The Center of Kentucky Equine Short Course will be starting on November 17. This is a four part series that will take place over consecutive Mondays in Greensburg, Columbia, and Campbellsville. Each session will have a different topic ranging from breeding, nutrition, facilities, behavior, and health. Dr Bob Coleman and Dr. Camargo from the University of Kentucky will be the presenters at each week’s meetings. There is a $40 registration fee that will cover all materials and meals to all who participate. For more information, contact the Green County Cooperative Extension Service.



Mandatory Country of Origin Labeling (COOL) for Red Meats

Originally, country of origin labeling (COOL) for red meat was part of the 2002 Farm Bill, but the program was made voluntary after difficulties with logistics were discovered. However, the call for mandatory COOL reappeared in the 2008 Farm Bill after safety concerns of imported foods arose and President Bush signed the bill into existence. Country of origin labels became required on September 30th, 2008 for beef, pork, lamb, chicken, goat meat (chevon), perishable agricultural commodities, peanuts, pecans, ginseng, and macadamia nuts.

COOL rules for red meats are as follows:

- Commodities packaged before September 30th are exempt.
- Animals that are in the United States before or on July 15 and continuously remain in the United States shall be considered a product of the United States.
- After July 15th, only animals that are born, raised, fed, and harvested in the United States can be labeled "Product of the US".
- Those animals that were born in another country, but raised, fed and harvested in the US shall contain both countries labels.
- Those animals imported for immediate slaughter shall contain that countries label.
- Finished products imported into the US shall contain the exporting countries label.

Retailers must log in each shipment and keep those records for at least one year and produce those records within five days if requested. Products that are exempt from COOL are those intended for food service (restaurants), and those products were meat is an ingredient in final processed product.

Seafood products have displayed COOL labels for the last few years. In that time, retailers and consumers have grown comfortable with the program, and have realized that some products are not from US sources. However, some consumers may be uncomfortable with the globalization of the red meat industry and may not understand why a package reads "A Product of Canada and the US" when cattle and pigs are a common sight around the country. Ground meat products may create the most confusion, as a package may contain meat from several different animals from three to four different countries. A sound understanding of the details of the livestock industry will become crucial to retailers, as they will be responsible for answering the consumers' questions and easing their concerns.

Retailers are currently operating within the six month grace period before COOL labels must be displayed, which may either be posted on the package or displayed on the meat case in front of the individual commodities. Livestock producers must generate an affidavit detailing the location of the birth of each animal at each point of sale. The USDA estimates that the cost of implementation for the first year of the program will be $2.5 billion. These costs will be partially covered by producers ($376 million) and retailers ($236 million).

The "Positive Associative Effect" of High Protein Supplements

As you drive across much of the country this fall you see many big round bales of hay stored for winter feed. If you are a frequent traveler down the same roads, you may have noted some of these bales are left over from last winter. The high cost of grains and protein commodities are influencing many cattle producers to look to feeding hay as the primary winter feed for beef cows. The quality of this hay will vary a great deal. Frankly, some of it will be low in protein content and therefore low in digestibility. The micro-organisms in the rumen of beef cows and replacement heifers require readily available protein to multiply and exist in large enough quantities to digest the cellulose in low quality roughages. Protein supplementation of low-quality, low protein forages results in a "positive associative effect". This "positive associative effect" occurs as supplemental protein available to the "bugs" in the rumen allows them to grow, multiply, and digest the forage more completely and more rapidly. Therefore the cow gets more out of the hay she consumes, she digests it more quickly and is ready to eat more hay in a shorter period of time. Data from Oklahoma State University illustrates this (Table 1). The prairie hay used in this study was less than 5% crude protein. When the ration was supplemented with 1.75 lbs of cottonseed meal, retention time of the forage was reduced 32% which resulted in an increase in feed intake of 27%. Because hay intake was increased, the animal has a better chance of meeting both the protein and energy requirement without supplementing other feeds. Because retention time was decreased, one could postulate the protein supplementation in this situation also increased digestibility of the hay.

Effect of Cottonseed Meal Supplementation on Ruminal Retention Time and Intake of Low-Quality Prairie Hay

Daily Supplementation of Cottonseed Meal	None	1.75 lb.	Change
Rumen Retention Time, Hr	74.9	56.5	Minus 32%
Voluntary Daily Hay Intake, % of body wt.	1.69	2.15	Plus 27%

As producers prepare their winter supplement strategies, they can see the importance of providing enough protein in the diet of the cows to feed the "bugs" in the rumen. If the hay is low in protein (less than 8 % crude protein), a small amount of supplemental protein such as cottonseed meal, soybean meal, or one of the higher protein by-product feeds, could increase the amount and digestibility of the hay being fed. This strategy requires that ample forage is available to take advantage of the "positive associative effect". As the table above illustrates, properly supplemented cows or replacement heifers will voluntarily consume about 27% more hay if they were provided adequate protein. As long as enough forage is available, this is a positive effect of a small amount of protein supplement.